



Disparity Study: Phase II Update



Economic Development Committee Meeting
June 14, 2018



Agenda



- **Objectives for Today**

- Disparity Study & CBI Overview
- Review CBI Policy considerations related to MWSBE certification and eligibility and receive Committee feedback



- **CBI Policy Considerations for MWSBE Certification and Eligibility**

- SBE Certification Term
- Length of Time in Business
- Business Size & Personal Net Worth Requirements
- Reciprocal MWBE Certifications
- Veteran Owned Business



- **Future Meeting Topics:**

- MWSBE Subcontracting Goal Thresholds
- Sheltered Market Program
- Good Faith Efforts
- Alternative Construction Agreements



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Disparity Study & CBI Overview



2017 Disparity Study Key Findings

- While the City has made strides, disparities still exist
- MWBEs are substantially underutilized on City contracts
- Based on the findings, the city can continue to use race and gender-conscious measures to remedy identified disparities



CBI Mission

- Promote diversity, inclusion, and local business opportunities in the City's contracting and procurement process for businesses located in the Charlotte region.



What are the CBI Program's Key Objectives?

- Increase SBE certifications and MWBE registrations
- Increase City contract spending with MWSBE primes
- Establish prime utilization of MWSBE subcontractors
- Monitor MWSBE contract compliance
- Track and report on MWSBE spending
- Enhance awareness of City contracting opportunities
- Educate and strengthen MWSBE knowledge on how to bid on City contracts



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Why is MWSBE Certification Important?



- Authenticates that MWSBE business is owned, controlled, and operated by the applicant(s), and that they meet the race/ethnicity, gender, or size requirements



- Facilitates tracking and reporting of diverse spend



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CBI Policy Considerations for MWSBE Certification and Eligibility

Review Area	Current CBI Policy Language	Considerations/Impact	Recommendation
SBE Certification Term	SBE certification is valid for three (3) years	<ul style="list-style-type: none"> NC Historically Underutilized Business (HUB) certification for MWBEs is valid for four (4) years Increasing the certification term will make SBE certification more attractive to firms 	Staff and CBI Advisory Committee (CBIAC) recommend increasing the City's SBE certification to four (4) years
Minimum length of time in business for MWSBE certification/registration	<ul style="list-style-type: none"> No length of time in business is required Owner(s) must demonstrate substantial experience in the trade or industry, and appropriate licenses. 	<ul style="list-style-type: none"> Neither NC HUB nor NC Department of Transportation (NCDOT) consider a firm's length of time in business for certification 	No changes recommended by CBIAC or staff

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CBI Policy Considerations for MWSBE Certification and Eligibility

Review Area	Current CBI Policy Language	Considerations/Impact	Recommendation
Business size and Personal Net Worth (PNW) requirement for MWBEs	<ul style="list-style-type: none"> MWBE certification requirements are established by NC HUB Office 	<ul style="list-style-type: none"> 2017 Disparity Study recommended the City consider establishing business size and PNW thresholds for MWBEs NC HUB Office does not have requirements for business size or PNW 	No changes recommended by CBIAC or staff
Business size and Personal Net Worth (PNW) requirements for SBE certification	<ul style="list-style-type: none"> SBE business size cannot exceed 25% of the applicable size standards established by the Small Business Administration. SBE personal net worth cannot exceed \$750,000 with allowable exclusions. 	<ul style="list-style-type: none"> When compared to peer cities and NCDOT, Charlotte has the lowest thresholds Increasing the thresholds will result in a larger pool of SBE vendors to perform on City contracts 	No changes recommended by CBIAC or staff at this time

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CBI Policy Considerations for MWSBE Certification and Eligibility

Review Area	Current CBI Policy Language	Considerations/Impact	Recommendation
Acceptance of reciprocal MWBE certifications from other certifying entities (i.e., NCDOT, Carolinas Virginia Minority Supplier Development Council, Greater Women's Business Council)	Only NC HUB MWBE certifications are recognized	<ul style="list-style-type: none"> NC HUB offers reciprocity for Disadvantaged Business Enterprises (DBEs) certified with NCDOT as well as MWBEs certified by other state or national certifying organizations in GA, NC, SC, TN or VA 	Partner with NC HUB Office to ensure that MWBEs and DBEs are aware of NC HUB's reciprocity certifications

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Veteran Owned Business



- As with the MWSBE Program, General Assembly authorization would be necessary for anything other than an aspirational program
- Policy and programmatic issues for the General Assembly and the City include:
 - Whether and how to ascertain if there are barriers to participation and the degree of underutilization
 - "Disabled" veterans
 - Definition of veteran owned
 - Geographic requirements
 - Building a data base
 - Prime contract bid incentive/reduction
 - Subcontracting goals

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Summary of MWSBE Certification and Eligibility Considerations



- Overall, the CBI Policy's existing MWSBE certification and eligibility criteria appear appropriate



- Staff and CBIAC recommend increasing the SBE certification term to four (4) years to reduce the administrative burden on small businesses and conform with NC HUB



- Partner with NC HUB Office to ensure that DBEs and MWBEs are aware of NC HUB's reciprocity



- General Assembly authorization would be necessary for anything other than an aspirational Veteran Owned Business initiative

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QUESTIONS?

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